

CHRISTOPHER COX
CHAIRMAN

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SECURITIES AND EXCHANGE COMMISSION

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January 12, 2006

The Honorable Tom Coburn
Chairman
Subcommittee on Federal Financial Management,
Government Information, and International Security
United States Senate
439 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Coburn:

Enclosed, please find written responses to your questions for the record from the Subcommittee on Federal Financial Management, Government Information, and International Security's hearing entitled "Examining Financial Management at the SEC" held July 27, 2005.

As you know, my highest operational priority as Chairman is to resolve the material weaknesses in the agency's internal controls that were documented in your hearing and in the SEC's FY 2005 Performance and Accountability Report. Given the agency's unique role in monitoring the internal controls of public companies and regulated entities, it is unacceptable for the SEC to have these material weaknesses, and the Commission is committed to resolving them fully in FY 2006. I am also pleased to report that the SEC has taken steps to fully fund the completion of its three real estate projects without amortizing any amounts into the agency's future lease payments. By working to fully cover these costs in 2005, through a reprogramming, and in 2006, as part of our current operating budget, the Commission will save taxpayers an estimated \$24 million in unnecessary interest payments over the next 14 years.

I hope that the attached responses from SEC Executive Director Jim McConnell are helpful to the Subcommittee. As with other issues involving the Commission's responsibilities, we welcome the opportunity to share our views on these matters. If the Subcommittee has additional questions or requires additional materials to complete its hearing record, please do not hesitate to contact our Director of Legislative Affairs, Jane Cobb, at (202) 551-2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Cox", written over a horizontal line.

Christopher Cox
Chairman

Enclosure